

51-8-303 Requirements of member institutions of the state system of higher education.

- (1) The State Board of Regents shall:
 - (a) establish asset allocations for the institutional funds;
 - (b) in consultation with the commissioner of higher education, establish guidelines for investing the funds; and
 - (c) establish a written policy governing conflicts of interest.
- (2)
 - (a) A higher education institution may not invest its institutional funds in violation of the State Board of Regents' guidelines unless the State Board of Regents approves an investment policy that has been adopted by the higher education institution's board of trustees.
 - (b) A higher education institution and its employees shall comply with the State Board of Regents' conflict of interest requirements unless the State Board of Regents approves the conflict of interest policy that has been adopted by the higher education institution's board of trustees.
- (3)
 - (a) The board of trustees of a higher education institution may adopt:
 - (i) an investment policy to govern the investment of the higher education institution's institutional funds; and
 - (ii) a conflict of interest policy.
 - (b) The investment policy shall:
 - (i) define the groups, and the responsibilities of those groups, that must be involved with investing the institutional funds;
 - (ii) ensure that the groups defined under Subsection (3)(b)(i) at least include the board of trustees, an investment committee, institutional staff, and a custodian bank;
 - (iii) create an investment committee that includes not more than two members of the board of trustees and no less than two independent investment management professionals;
 - (iv) determine an appropriate risk level for the institutional funds;
 - (v) establish allocation ranges for asset classes considered suitable for the institutional funds;
 - (vi) determine prudent diversification of the institutional funds; and
 - (vii) establish performance objectives and a regular review process.
 - (c) Each higher education institution that adopts an investment policy, a conflict of interest policy, or both, shall submit the policy, and any subsequent amendments, to the State Board of Regents for its approval.
- (4) Each higher education institution shall make monthly reports detailing the deposit and investment of funds in its custody or control to:
 - (a) its board of trustees; and
 - (b) the State Board of Regents.
- (5) The state auditor may conduct or cause to be conducted an annual audit of the investment program of each higher education institution.
- (6) The State Board of Regents shall submit an annual report to the governor and the Legislature summarizing all investments by higher education institutions under its jurisdiction.

Enacted by Chapter 59, 2007 General Session